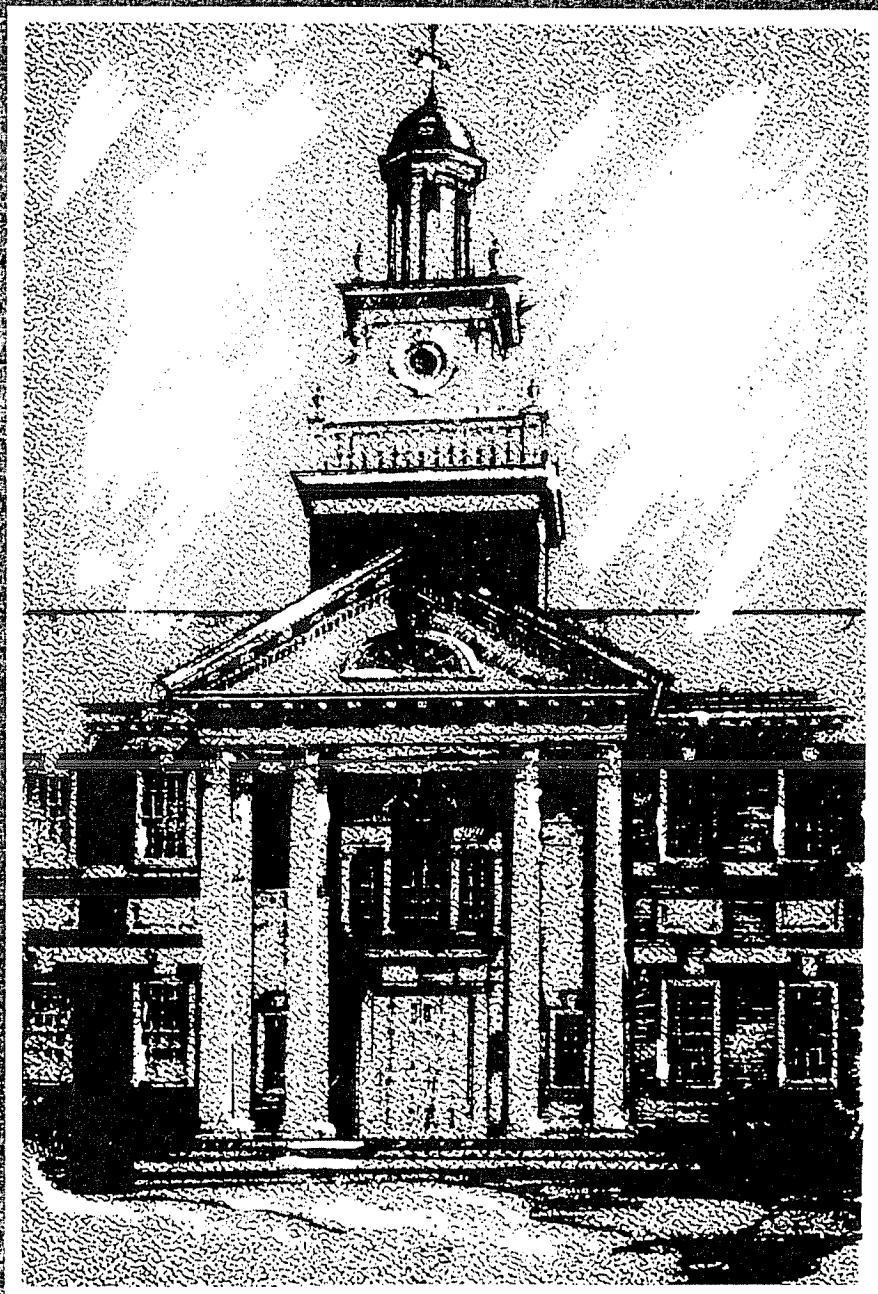


New York

Ultraflex Package Policy



ERIE INSURANCE COMPANY

Member Erie Insurance Group
The Pioneer in the Insurance World

AGREEMENT

In return for your timely premium payment and your compliance with all of the provisions of this policy, we agree to provide the coverages you have purchased. Your coverages and limits of protection are shown in the Declarations, which are part of this policy.

This agreement is made in reliance on the information you have given us, and is subject to all of the terms of this policy.

This policy and all endorsements to it constitute the entire agreement between you and us.

GENERAL POLICY CONDITIONS

1. AUTOMATIC RENEWAL POLICY

Your policy will be automatically renewed at the end of the policy period, unless terminated by you or us in accordance with the steps explained in the Cancellation Condition.

Each year, we will send you a Renewal Certificate which shows the premium due for the next policy period.

This is a service that we provide for you so that your insurance protection does not stop.

If you do not want the renewal policy, you must mail our Agent or us written notice in advance of the new policy period. If you do not notify us, your policy remains in effect. You must pay us the earned premium due us for this time.

2. CANCELLATION

Your Right to Cancel or Refuse Renewal

You may cancel this policy or any coverage by mailing or delivering to our Agent or us written notice stating at what future date you want the cancellation to take effect. We may waive these requirements by confirming the date of cancellation to you in writing.

Our Right to Cancel or Refuse to Renew

We may cancel or refuse to renew by mailing you written notice stating the effective date of our action. Our action will comply with the laws of the state in which your principal office is located. The cancellation will not take effect until at least 30 days (Maryland - 45 days, except for nonpayment of premium - 30 days) after we send it. For states that require a different number of days for notification of cancellation or non-renewal, or specify the reasons for cancellation or non-renewal, an Amendatory Endorsement is attached.

We reserve the right to cancel for your non-compliance with our premium payment plans. We do not waive our right to cancel, even if we have accepted prior late payments.

Method of Giving Notice

Mailing notice to the address shown on the Declarations will be sufficient proof of notice. The policy period will end on the date and time stated in the notice.

Return of Premium

If your policy is cancelled by you or us, we will return the pro rata unused share of your premium. Cancellation will be effective even if we have not given or offered the return premium.

3. CONCEALMENT, FRAUD OR MISREPRESENTATION

We do not provide coverage for any insured who has made fraudulent statements or engaged in fraudulent conduct in connection with any loss or damage for which coverage is sought under this policy.

4. COOPERATION

You agree to cooperate with us by:

- a. truthfully completing and promptly returning questionnaires and audit forms about this insurance;
- b. permitting and helping with inspections and audits; and
- c. complying with specific recommendations to improve your risk.

5. HOW YOUR POLICY MAY BE CHANGED

This policy conforms to the laws of the state in which your principal office is located. If the laws of the state change, this policy will comply with these changes.

Your policy may be changed by asking us. Your request must contain enough information to identify you. Asking our Agent is the same as asking us. If we agree with your request, we will then issue an Amended Declarations.

We will give you the benefit of any change in coverage made by us, if it does not require additional premium. This change will be effective as of the date we implement the change for you in your state.

6. INCREASE IN HAZARD

Unless we agree beforehand, coverage is suspended if the hazard is substantially increased by any means within the control of the insured.

7. INSPECTION AND AUDIT

We have the right but are not obligated to:

- a. make inspections and surveys at any time;
- b. give you reports on the conditions we find; and
- c. recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to provide for the health or safety of workers or the public. We do not warrant that your property or operations are safe, healthful or in compliance with any law, regulation, code or standard. Inspections, surveys, reports or recommendations are for our benefit only.

This condition also applies to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

We may examine and audit your books and records at any time during or within three years after the policy period, as they relate to this insurance.

The premium of this policy may be provisional. At the end of each policy period, we will compute the earned premium for that period. An audit to determine the final premium will be completed within 180 days after the expiration date of the policy and it may be waived. If the estimated premium was too low, you are obligated to pay additional premiums computed with our rules and rates. If the estimated premium was too high, we will return the unearned premium subject to any minimum premium that apply.

8. OUR RIGHT TO RECOVER FROM OTHERS

After we make a payment under this policy, we will have the right to recover from anyone else held responsible. This right will not apply under Property Protection if you have waived it in writing prior to loss. Any insured is required to transfer this right to us, and do nothing to harm this right. Anyone receiving payment from us and from someone else for the same loss will reimburse us up to our payment.

9. POLICY ACCEPTANCE

By accepting this policy, you agree that the statements on the Declarations are accurate and complete and are based on the facts you have given us. This policy is issued in reliance on these facts.

10. PREMIUMS

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

11. PRIORITY

At our option, this insurance will first protect you, and then others we protect.

12. TIME OF INCEPTION

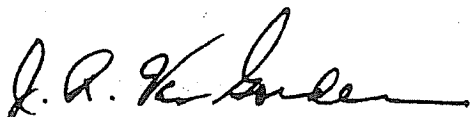
If this policy replaces another policy ending at noon on the date of this policy, we will protect you as of that time.

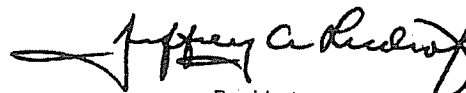
13. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

This policy has been signed on our behalf at Erie, Pennsylvania by our President and Secretary. If required by law, it has been countersigned on the Declarations by our authorized Agent.


Secretary


President

ERIE INSURANCE COMPANY
100 ERIE INSURANCE PLACE • ERIE, PA 16530 • (814) 870-2000

ULF-NY (Ed. 3/01) UF-8429



ERIE INSURANCE GROUP

Home Office • 100 Erie Insurance Place • Erie, PA 16530 • (814) 870-2000
Visit our Website at www.erieinsurance.com



ERIE INSURANCE GROUP

BUSINESS CATASTROPHE LIABILITY
COMMERCIAL SELECT OUTPUT PROGRAM
COMMERCIAL FIRE
COMMERCIAL CRIME
FIVESTAR CONTRACTORS
COMMERCIAL GENERAL LIABILITY
COMMERCIAL INLAND MARINE
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
WORKERS COMPENSATION
UF-4510 (Ed. 1/06)

ATTENTION POLICYHOLDERS

The service charge applied and paid to Erie Indemnity Company for premium payment plans C, D, Monthly and Account Billing will increase from \$3.00 to \$5.00. No service charge will apply to payment plans A and B if payments are made in accordance with the terms of the plan.



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FIVESTAR CONTRACTORS
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
UL-RG (Ed. 7/02) UF-3863

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - COLLAPSE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to Paragraph B. Coverages 1, 2 and 3 of Section III - Exclusions

We do not cover under Building(s) (Coverage 1), Business Personal Property and Personal Property of Others (Coverage 2), and Income Protection (Coverage 3) (Ultrasure - Rental Income Protection) "loss" caused by or resulting from collapse, except as provided in Section IV - Additional Coverage - Collapse.

But if collapse results in covered "loss" at the premises described in the "Declarations", we will pay for "loss" or damage caused by that covered cause of "loss".



ERIE INSURANCE GROUP

INTERLINE
IL 02 68 (Ed. 11/05) UF-3032

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
NEW YORK CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

2. Cancellation Of Policies In Effect

a. 60 Days Or Less

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- 1) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph A.2.a.2) below.
- 2) 15 days before the effective date of cancellation if we cancel for any of the following reasons:
 - a) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - b) Conviction of a crime arising out of acts increasing the hazard insured against;
 - c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
 - d) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;

- e) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- f) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;
- g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
- h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our can-

cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

b. For More Than 60 Days

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph **A.2.a.2)** above, provided:

- 1) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and
- 2) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the Cancellation Common Policy Condition:

7. If one of the reasons for cancellation in Paragraphs **A.2.a.2)** or **D.2.b.2)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following conditions are added:

1. Nonrenewal

If we decide not to renew this policy we will send notice as provided in Paragraph **C.3.** below.

2. Conditional Renewal

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **C.3.** below.

3. Notices Of Nonrenewal And Conditional Renewal

a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **C.1.** and **C.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:

- 1) The expiration date; or
- 2) The anniversary date if this is a continuous policy.

b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

d. If we violate any of the provisions of Paragraphs **C.3.a., b. or c.** above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:

- 1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.
- 2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.

e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:

- 1) Upon expiration of the 60 day period; or
- 2) Notwithstanding the provisions in Paragraphs **d.1)** and **d.2)**, as of the renewal date of the policy if we send the first Named Insured the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the policy.

f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.

D. The following provisions apply when the Commercial Property Coverage Part, the Farm Coverage Part or the Capital Assets Program (Output Policy) Coverage Part is made a part of this policy:

1. Items **D.2.** and **D.3.** apply if this policy meets the following conditions:

- a. The policy is issued or issued for delivery in New York State covering property located in this state; and
 - b. The policy insures:
 - 1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
 - 2) For loss of or damage to personal property other than farm personal property or business property; or
 - 3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
 - c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.
2. Paragraph 2. of the **Cancellation Common Policy Condition** is replaced by the following:
- 2. Procedure And Reasons For Cancellation**
- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - 1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
 - 2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. But if this policy:
 - 1) Has been in effect for more than 60 days; or
 - 2) Is a renewal of a policy we issued:

we may cancel this policy only for one or more of the following reasons:

 - 1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - 2) Conviction of a crime arising out of acts increasing the risk of loss;
 - 3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
 - 4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
 - 5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
 - a) Issued the policy; or
 - b) Last voluntarily renewed the policy;
 - 6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
 - 7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.
3. The following are added:
- a. **Conditional Continuation**

Instead of cancelling this policy, we may continue it on the condition that:

 - 1) The policy limits be changed; or
 - 2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.
 - b. **Nonrenewal**

If, as allowed by the laws of New York State, we:

 - 1) Do not renew this policy; or
 - 2) Condition policy renewal upon:
 - a) Change of limits; or
 - b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

 - a) At least 45 days; but
 - b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.
- E. The following is added to the Farm Property - Other Farm Provisions Form - Additional Coverages, Conditions, Definitions, the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:
- When the property is subject to the Anti-Arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:
- If you fail to return the completed, signed and affirmed anti-arson application to us:
1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel this entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
 2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in **E.1.** and **E.2.** above supersede any contrary provisions in this policy including this endorsement.

If the notice in **E.1.** or **E.2.** above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

F. The following applies to the Commercial Property Coverage Part, the Farm Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

Paragraphs **f.** and **g.** of the **Mortgageholders** Condition are replaced by the following:

f. Cancellation

- 1) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b) 30 days before the effective date of cancellation if we cancel for any other reason.
- 2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:
 - a) The effective date of cancellation of the insured's coverage; or
 - b) 10 days after we give notice to the mortgageholder.

g. Nonrenewal

- 1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
- 2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:
 - a) The expiration date of the policy; or
 - b) 10 days after we give notice to the mortgageholder.

G. The following provisions apply when the following are made a part of this policy:

Commercial General Liability
Coverage Part
Farm Liability Coverage Form
Liquor Liability Coverage Part
Products/Completed Operations
Liability Coverage Part

1. The aggregate limit of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **C.3.d.** above.
2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.



ERIE INSURANCE GROUP

ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
ULTRASURE FOR LANDLORDS
FIVESTAR CONTRACTORS'
COMMERCIAL PROPERTY
HOMEPROTECTOR
DWELLING PROPERTY
UF-8705 (Ed. 6/96)

IMPORTANT NOTICE - NO FLOOD COVERAGE

Your basic policy covers losses from many perils. However, it **DOES NOT** provide coverage for flood loss.

Insurance covering flood loss is generally available through the National Flood Insurance Program.

In an effort to serve you, information about flood insurance and the National Flood Insurance Program can be provided by your ERIE Agent.



ERIE INSURANCE GROUP

COMMERCIAL GENERAL LIABILITY
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
UL-KA (Ed. 3/01) UF-6761

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - AUTOMOBILE REPAIR, SERVICE, SALES, RENTAL, OR
LEASING**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

Auto Repair, Service, Sales, Rental, or Leasing

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of repair, service, sales, rental, or leasing of "autos".



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ULTRAFLEX PACKAGE
FX-00-02 (Ed. 1/05) UF-3554

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

NEW YORK

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the "Declarations". The words "we", "us", and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **Section XI - Definitions**.

SECTION I - COVERAGES

INSURING AGREEMENT

We will pay for direct physical "loss" of or damage to Covered Property at the premises described in the "Declarations" caused by or resulting from any Covered Cause of Loss.

BUILDING(S) - COVERAGE 1

A. Covered Property

Building(s) means buildings described in the "Declarations" and anything permanently attached. It also includes:

1. Building equipment and fixtures servicing the premises;
2. Personal property you have for the service and maintenance of the buildings and premises including, but not limited to the following:
 - a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings;
 - d. Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering; and
 - e. Flag poles and outdoor lights.
3. Glass which you own. The glass must be part of the building or in the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation or burglar alarm foil;
- c. Repair or replacement of frames;
- d. Installation of temporary coverings; and
- e. Removal of obstructions.

B. Property Not Covered

Building(s) does not apply to:

1. Fences, walks, and unattached outbuildings not described in the "Declarations", except as provided in Extensions of Coverage - **A.3.**;
2. Outdoor swimming pools and equipment pertaining thereto not described in the "Declarations";
3. Bulkheads, pilings, piers, wharves or docks not described in the "Declarations";
4. Bridges, roadways, patios or other paved surfaces;
5. Retaining walls that are not part of a building, or not described in the "Declarations";
6. The cost of excavations, grading, backfilling or filling;
7. Trees, shrubs, lawns, and plants, except as provided in Extensions of Coverage - **A.9.**;
8. Unattached outdoor signs, except as provided in Extensions of Coverage - **A.2.**;
9. Underground pipes, flues or drains;
10. Land (including land on which covered property is located) or water; and
11. Property specifically insured in whole or in part by this or any other insurance.

C. Automatic Adjustment of Coverage Amounts

This policy provides you with a guard against the effect of inflation on construction costs for Building(s) (Coverage 1).

We will keep track of costs and at the next policy period we will adjust the amount of your building coverage if necessary. Your premium will be adjusted at each policy period to reflect any change in the amount of insurance.

During the policy period, if there is an increase in construction costs and a "loss" occurs, we will reflect the increase in the amount of insurance for Building(s) (Coverage 1) before making payment. There will be no charge for this additional coverage.

If the amount of insurance shown in the "Declarations" for Building(s) (Coverage 1) is inadequate, these adjustments may not be sufficient to provide full recovery should a "loss" occur.

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

A. Covered Property

Business Personal Property and Personal Property of Others means:

1. Personal property pertaining to your business, professional or institutional activities, including leased-property you are contractually responsible to insure;
2. Personal property of others that is in your care, custody or control;
3. Labor, materials or services furnished or arranged by you on personal property of others;
4. Your use interest as a tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - a. Made a part of the building or structure you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove;
5. Attached exterior signs which you own or which are in your care, custody, or control and for which you are responsible. The attached exterior signs must be part of the building described in the "Declarations"; and
6. Glass which is in your care, custody, or control and for which you are responsible. The glass must be part of the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation or burglar alarm foil;
- c. Repair or replacement of frames;
- d. Installation of temporary coverings; and
- e. Removal of obstructions.

X while in or on the described buildings, or in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

Our payment for "loss" of or damage to personal property of others will only be made to the owner of the property.

B. Property Not Covered

Business Personal Property and Personal Property of Others does not apply to:

1. "Automobiles" held for sale;
2. Vehicles or self-propelled machines (including "aircraft" or watercraft) that:
 - a. Can be licensed for use on public roads, except vehicles that are solely used to service the premises described in the Declarations; or
 - b. Are operated principally away from the premises described in the "Declarations".

This paragraph does not apply to:

- a. Vehicles or self-propelled machines or "automobiles" you manufacture, process or warehouse;
- b. Vehicles or self-propelled machines, other than "automobiles", you hold for sale;
- c. Rowboats or canoes out of water at the premises described in the "Declarations"; or
- d. Trailers, but only to the extent provided for in the Extensions of Coverage - **B.23**.
3. Unattached exterior signs, lights and clocks, except as provided in Extensions of Coverage - **A.2**;
4. "Money" and "securities", except as provided in Extensions of Coverage - **B.4**., **B.6**., **B.11**., **B.20**. and **B.21**;
5. Your property sold on installment or deferred payment plans after delivery to customers;
6. Household and personal articles of the insured, the insured's partners, members, or managers of a limited liability company, the insured's officers, or the insured's employees, except as provided in Extensions of Coverage - **B.24**;
7. Trees, shrubs, lawns and plants, except as provided in Extensions of Coverage - **A.9**;
8. Crops and growing crops while outside of the building(s);
9. Contraband, or property in the course of illegal transportation or trade;
10. The cost to research, replace or restore the information on valuable papers and records including those which exist on "electronic data" or magnetic media, except as provided in Extensions of Coverage - **B.30**.. Valuable papers and records include proprietary information; written, printed, or inscribed documents and records; including books, maps, films, abstracts, drawings, deeds, mortgages, card index systems, and manuscripts.
11. Fine arts, except as provided in Extensions of Coverage - **B.14**.. Fine arts include paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; porcelains; and similar property of rarity, historic value, or artistic merit.
12. Animals, unless owned by others and boarded by you or if owned by you as stock while inside the building(s) described in the "Declarations";
13. "Mobile equipment";

- a. While being used or stored away from the premises described in the "Declarations"; or
 - b. While at or being transported to or from job sites away from the premises described in the "Declarations"; and
14. Property specifically insured in whole or in part by this or any other insurance.

ADDITIONAL INCOME PROTECTION - COVERAGE 3

A. Additional Income Protection Coverage

Income Protection means loss of "income" and "rental income" you sustain due to partial or total "interruption of business" resulting directly from "loss" to the buildings, or business personal property or personal property of others described in the "Declarations" from a peril insured against. "Loss" or damage to business personal property and personal property of others also includes covered property in the open, or in a vehicle on the premises described in the "Declarations", or within 1,500 feet thereof.

If you are a tenant, your premises is the portion of the building described in the "Declarations" which you rent, lease, or occupy including:

- 1. All routes within the building to gain access to the described premises; and
- 2. Your business personal property and personal property of others in the open, or in a vehicle on the premises described in the "Declarations", or within 1,500 feet thereof.

You are required to resume normal business operations as promptly as possible and shall use all available means to eliminate any unnecessary delay.

B. Extra Expenses Coverage

Extra expenses coverage is provided at the premises described in the "Declarations" only if the "Declarations" show that Additional Income Protection Coverage applies to that premises.

"Extra expense" means necessary expenses you incur due to partial or total "interruption of business" resulting directly from "loss" to the buildings, or business personal property or personal property of others described in the "Declarations" from a peril insured against. "Loss" or damage to business personal property and personal property of others also includes covered property in the open, or in a vehicle on the premises described in the "Declarations", or within 1,500 feet thereof.

We will pay necessary actual and necessary "extra expenses" (other than the expense to repair or replace property) sustained by you to:

- 1. Avoid or minimize the "interruption of business" and to continue your business operations:
 - a. At the premises described in the "Declarations"; or
 - b. At replacement premises or at temporary locations, including:
 - 1) Relocation expenses, and

- 2) Costs to equip and operate the replacement or temporary locations.

- 2. Minimize the "interruption of business" if you cannot continue your business operations to the extent it reduces the amount of loss that would have been payable under loss of "income" and "rental income".

We will not pay any "loss" or damage to your buildings, or business personal property and personal property of others. We also will not pay the cost of research or any other expense to replace or restore your valuable papers and records. We will pay the extra cost to repair or replace your covered property and the amount to research, replace or restore the lost information on damaged valuable papers and records to the extent it reduces the amount of loss that would have been payable under loss of "income" and "rental income".

C. Additional Coverages

1. Civil Authority

We will pay loss of "income" and "rental income" you sustain and necessary "extra expenses" caused by action of civil authority that prohibits access to the described premises resulting directly from "loss" to property, other than at the described premises, caused by a peril insured against.

This coverage for loss of "income" and "rental income" will begin 72 hours after the time of the action of civil authority and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for "extra expenses" will begin immediately after the time of the action of civil authority and will apply for a period of up to 24 consecutive days after the time of the action of civil authority.

2. Full Resumption of Operations

We will also pay your actual loss of "income" and "rental income" for an additional 30 days if your "income" and "rental income" after operations are resumed is less than your "income" and "rental income" before the loss. The additional amount we will pay will start after the later of the following times:

- a. The date on which the liability for Additional Income Protection - Coverage 3 would terminate if this clause had not been included; or
- b. The date on which repair, replacement or rebuilding of such part of the damaged or destroyed property described in the "Declarations" is actually completed.

D. Amount of Insurance

We will pay the actual loss of "income" and "rental income" sustained by you up to the Occurrence Limit shown in the "Declarations".

The "income" and "rental income" loss sustained by you shall not exceed:

- 1. The actual reduction of "income" and "rental income", during the "interruption of business;" and
- 2. The reduction in rents received less charges and expenses which do not necessarily continue during

the "interruption of business", or during the period when the tenant cannot inhabit the premises.

We will pay up to \$100 a day, for seven days, after your business is suspended to cover loss of "income" and "rental income" sustained by you while you are determining your actual income protection loss. The amount paid will be subtracted from your actual loss of "income" and "rental income".

Payment of loss of "income" and "rental income" is not limited by the end of the policy period.

Payments under the following coverages will not increase the applicable Occurrence Limit for Additional Income Protection:

1. Extra Expenses Coverage;
2. Civil Authority; or
3. Full Resumption of Operations.

GLASS AND LETTERING - COVERAGE 4

A. Covered Property

Glass and Lettering means for the premium shown in the "Declarations", the deductible does not apply to glass covered under Building(s) (Coverage 1).

SIGNS, LIGHTS AND CLOCKS - COVERAGE 5

A. Covered Property

The \$5,000 amount of insurance provided in Extensions of Coverage - Exterior Signs, Lights, and Clocks - A.2. is increased by the amount shown in the "Declarations" for those items that are separately scheduled and are subject to the exclusions listed in Section III - Exclusions and Section VIII - Extensions of Coverage.

The maximum amount of insurance we will pay for any one covered "loss" is the:

1. \$5,000 amount of insurance shown in the Extensions of Coverage - Exterior Signs, Lights and Clocks - A.2., and
2. The amount of insurance shown in the "Declarations".

If a deductible amount for Signs, Lights, or Clocks - Coverage 5 is shown in the Declarations, this deductible amount replaces the \$100 deductible amount shown in Paragraph A. 2. of Exterior Signs, Lights and Clocks of Section VIII - Extensions of Coverage.

SECTION II - PERILS INSURED AGAINST

BUILDING(S) - COVERAGE 1

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

ADDITIONAL INCOME PROTECTION - COVERAGE 3

A. Covered Cause of Loss

This policy insures against risk of "loss" under Building(s) (Coverage 1), Business Personal Property and Personal Property of Others (Coverage 2) and Additional Income Protection (Coverage 3), except as excluded in this policy.

GLASS AND LETTERING - COVERAGE 4

A. Covered Cause of Loss

For Glass and Lettering this policy insures against risks of "loss" to glass, except fire and scratching, and as excluded in this policy.

SECTION III - EXCLUSIONS

A. Coverages 1, 2, 3, 4 and 5

We do not cover under Building(s) (Coverage 1); Business Personal Property and Personal Property of Others (Coverage 2); Additional Income Protection (Coverage 3); Glass and Lettering (Coverage 4); and Signs, Lights and Clocks (Coverage 5) "loss" or damage caused directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss":

1. Deterioration or depreciation.
2. Intentional loss, meaning any "loss" arising from an act committed by, or at the direction of the insured with the intent to cause a "loss".
3. "Loss" or damage caused by or resulting from any of the following:
 - a. By weather conditions, but only if weather conditions contribute in any way with a peril excluded in Part A. to produce the "loss";
 - b. By acts or decisions, including the failure to act or decide, of anyone;
 - c. By faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying;
 - 2) Design, specifications, workmanship, repair, construction, renovating, remodeling, grading, compaction;
 - 3) Materials used in repair, construction, renovation, or remodeling;
 - 4) Maintenance;

of property whether on or off the insured premises by anyone, but if "loss" by a peril insured against results, we will pay for the ensuing loss.

4. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of "loss".
5. Earth Movement
 - a. Earthquake, including any earth sinking, rising or shifting related to such event;
 - b. Landslide, including any earth sinking, rising or shifting related to such event;

- c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- d. Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **a.** through **d.** above, results in fire, explosion, sprinkler leakage, volcanic action, or building glass breakage, we will pay for the "loss" or damage caused by such perils.

Volcanic action means direct "loss" resulting from the eruption of a volcano when the "loss" or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

This does not include the cost to remove ash, dust or particulate matter that does not cause direct "loss" to the covered property.

This exclusion does not apply to property being transported.

6. Water

- a. Flood, surface water, waves, tidal water or tidal wave, overflow of any body of water or their spray, all whether driven by wind or not;
- b. By water or sewage which backs up through sewers or drains, or which enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation area;
- c. Water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors or paved surfaces;
 - 2) Sidewalks, or driveways;
 - 3) Basements, whether paved or not; or
 - 4) Doors, windows or other openings.

But if Water, as described in **6.a.** through **6.c.** results in fire, explosion, sprinkler leakage, volcanic action, or building glass breakage, we will pay for the "loss" or damage caused by such perils.

This exclusion does not apply to property being transported.

7. War

- a. War including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental

authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this war exclusion supersedes Paragraph **A. 9. - Exclusions of Section - III** the nuclear hazard exclusion.

- 8. Seizure or destruction of covered property by order of governmental authority, except as provided in Extensions of Coverage - **B.3.**.

We will also cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

- 9. Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".
- 10. By the enforcement of any law or ordinance regulating the construction, use or repair of any property, or requiring the tearing down of any property, including the cost of removing its debris, except as provided in Extensions of Coverage - **B.3.**, **B.8.** and **B.9.**.
- 11. The failure of power or other utility service supplied to the insured premises, however caused, if the failure occurs away from the insured premises, except as provided in Extensions of Coverage - **A.6.** and **A.8.**, unless a covered "loss" ensues, and then only for ensuing "loss". Failure includes lack of sufficient capacity and reduction in supply.


Exclusions **A.5.** through **A.11.** apply whether or not the loss event results in widespread damage or affects a substantial area.

B. Coverages 1, 2 and 3

We do not cover under Building(s) (Coverage 1), Business Personal Property and Personal Property of Others (Coverage 2) and Additional Income Protection (Coverage 3) "loss" caused:

- 1. By
 - a. Wear and tear, rust or corrosion;
 - b. Change in flavor, color, texture or finish;
 - c. Damp or dry air;
 - d. Inherent vice;
 - e. Smog;
 - f. Latent or hidden defect;
 - g. Marring or scratching;
 - h. Smoke, vapor or gases from agricultural or industrial operations;
 - i. Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings;
 - j. Termites, vermin, insects, rodents, birds, skunks, raccoons, spiders, or reptiles;
 - k. Or to machines and machinery by rupture, bursting or disintegration of their rotating or moving parts resulting from centrifugal or reciprocating force; or
 - l. Mechanical breakdown;

unless a covered "loss" ensues, and then only for ensuing "loss".

- 
2. By discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against;
 3. By mysterious disappearance, unexplained loss or inventory shortage. We will accept inventory records as a means of proving the amount of a covered "loss".
 4. By continuous or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
 5. By freezing by temperature reduction to plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) or by water, other liquids, powder or molten material that leaks or flows from such items while the described building is vacant for more than 60 consecutive days, unless you have exercised reasonable care to:
 - a. Maintain heat in the building; or
 - b. Shut off the water supply and drain the system or appliance of water.

We will pay the cost to tear out and replace any part of the building described in the "Declarations" to repair damage to the system or appliance from which the water, other liquids, powder or molten material escapes.

We will not pay for the cost to repair or replace any defect in the system or appliance that caused the "loss" or damage.

6. By collapse, except as provided in Section IV - Additional Coverages - Collapse. But if collapse results in a peril insured against at the premises described in the "Declarations", we will pay for the "loss" or damage caused by the peril insured against.
7. By explosion of, including resulting damage to, steam boilers, steam pipes, steam turbines or steam engines if owned by, leased by or operated under your control. We also do not cover damage to these caused by any condition or occurrence within the boilers, pipes, turbines or engines. We will pay for "loss" from the explosion of gases or fuel within the combustion chamber, flues or passages of any fired vessel. We will also pay for "loss" by ensuing fire or explosion not included in this paragraph.
8. To hot water boilers or other water heating equipment, caused by a condition or occurrence within the boilers or equipment, other than an explosion.
9. By electricity including electric arcing other than lightning, unless fire or explosion ensues, and then only for ensuing "loss", except as provided in Extensions of Coverage - A.1..
10. To the interior of the building or the contents by rain, snow, sand or dust, whether driven by wind or not, unless the exterior of the building first sustains damage to its roof or walls by a covered "loss". We

will pay for "loss" caused by or resulting from the thawing of snow, sleet or ice on the building.

11. To outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers by windstorm or hail.
 12. By dishonest or criminal acts committed by you, or any of your members of a limited liability company, or any of your employees, directors, officers, trustees or authorized representatives:
 - a. Acting alone or in collusion with other persons; or
 - b. While performing services for you or otherwise.
- We will cover acts of destruction by your employees (including leased employees) but only for ensuing "loss"; but there is no coverage for "loss" or damage:
- a. By theft by your employees (including leased employees), or
 - b. Caused by or resulting from manipulation, including the introduction or enaction of any virus, harmful code or similar instruction, of a computer system (including "electronic data") by your employees.

C. Coverage 1

We do not cover under Building(s) (Coverage 1) "loss" caused:

1. To fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks, when covered under the policy, by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.
2. To building materials and supplies not attached as part of the building, unless held for sale by you, caused by or resulting from theft.

D. Coverage 2

We do not cover under Business Personal Property and Personal Property of Others (Coverage 2) "loss" caused:

1. By or resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title or possession of any property.
2. By breakage of glassware, statuary, marble, bric-a-brac, porcelains and other articles of a fragile or brittle nature. We will cover such "loss" caused by fire; lightning; aircraft; explosion; sonic boom; riot; civil commotion; smoke; vehicles; windstorm; hail; vandalism or malicious mischief; falling objects (the exterior of the building must first sustain damage to roof or walls by falling objects); sinkhole collapse; volcanic action; weight of ice, snow or sleet; sprinkler leakage or water damage.
3. By rain, snow or sleet to property in the open.
4. By any legal proceeding.
5. By actual work upon property being altered, repaired, installed or serviced, or faulty materials or workmanship, unless fire ensues, and then only for "loss" through ensuing fire.
6. By delay, loss of use or loss of market.

7. To property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
8. By theft of furs and fur garments. We will pay for "loss" of furs and fur garments by "burglary" up to \$10,000 for any one "loss".
9. By theft of gold and other precious metals and alloys. We will pay for theft of any one article of jewelry up to \$100, but our payment will not exceed \$10,000 for any one "loss". Jewelry means jewelry, necklaces, bracelets, gems, precious and semi-precious stones, articles containing one or more gems, and articles made of gold or other precious metals.

E. Coverage 3

We do not cover under Additional Income Protection (Coverage 3):

1. Increase of loss resulting from ordinance or law regulating construction or repair of buildings.
2. Consequential damages resulting from the breach of contractual obligations.
3. Increase of loss caused by or from delay in rebuilding, repairing, or replacing the property or resuming operations, due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons.
4. Loss due to delay or loss of market.
5. Increase of loss caused by or resulting from the suspension, lapse or cancellation of any license, lease or contract. We will pay for loss of "income" and "rental income" during the "interruption of business" and during the period of Full Resumption of Operations if the suspension, lapse or cancellation is caused by the suspension of your business.
6. "Extra expense" caused by the suspension, lapse or cancellation of any license, lease or contract beyond the "interruption of business".
7. Increase of loss resulting from ordinance or law regulating the prevention, control, repair, clean-up or restoration of environmental damage.
8. Income protection specifically insured in whole or in part by this or any other insurance.

SECTION IV - ADDITIONAL COVERAGE

Collapse

1. With respect to buildings:
 - a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
 - b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
 - c. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
 - d. A building that is standing or any part of a building that is standing is not considered to be

in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

2. We will pay for direct physical "loss" or damage to covered property, caused by collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of building glass; falling objects; weight of snow, ice or sleet; sinkhole collapse or volcanic action.

Sinkhole collapse means "loss" caused by sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This peril does not include:

- 1) The cost of filling sinkholes; or
- 2) "Loss" or damage to property caused by or resulting from the sinking or collapse of land into man-made underground cavities.
- b. Water damage resulting from the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of plumbing, heating, air conditioning, or other equipment or appliances, but does not include damage from a sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation areas;
- c. Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- d. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- e. Weight of people or personal property;
- f. Weight of rain that collects on a roof;
- g. Use of defective material or methods of construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after the construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in 2.a. through 2.f., we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in 1.a. through 1.d. do not limit the coverage otherwise provided under this coverage part for the causes of loss listed in 2.a., 2.e. and 2.f..

3. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;

- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of "loss" listed in 2.b. through 2.f., we will pay for "loss" or damage to that property only if:

- a. Such "loss" or damage is a direct result of the collapse of a building insured under this coverage part; and
 - b. The property is covered property under this coverage part.
4. If the business personal property and personal property of others falls down or caves in and such collapse is not the result of collapse of a building, we will pay for "loss" or damage to insured property caused by such collapse of business personal property and personal property of others only if:
- a. The collapse was caused by a cause of "loss" listed in 2.a. through 2.f. above;
 - b. The business personal property and personal property of others which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in 3. above, regardless of whether that kind of property is considered to be business personal property or real property.

The coverage stated in this Paragraph 4. does not apply to business personal property and personal property of others if marring and/or scratching is the only damage to that business personal property and personal property of others caused by the collapse.

Collapse of business personal property and personal property of others does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

SECTION V - DEDUCTIBLES

Building(s) (Coverage 1), Business Personal Property and Personal Property of Others (Coverage 2) and Extensions of Coverage - We will pay the amount of "loss" to property in any one occurrence which is in excess of the deductible amount shown in the "Declarations," unless otherwise stated in the Extensions of Coverage.

Theft - We will pay the amount of "loss" to property caused by theft in any one occurrence which is in excess of the deductible amount applying to Building(s) (Coverage 1), and Business Personal Property and Personal Property of Others (Coverage 2) shown in the "Declarations," unless a separate deductible for Theft is shown in the "Declarations."

When the occurrence involves "loss" to more than one building (or building and business personal property) and separate limits of insurance apply or blanket limits of insurance apply, the losses will not be combined in

determining the application of the deductible. The deductible will be applied only once per occurrence.

Additional Income Protection (Coverage 3) and Glass and Lettering (Coverage 4) - No deductible applies.

SECTION VI - SPECIAL LOSS PAYMENTS - COVERAGE 1

The following property is subject to special treatment when damaged by a peril insured against:

Improvements and Betterments Made By Others.

1. If you pay for repair or replacement, we will pay you the expenses involved not exceeding the replacement cost of damaged property.
2. If repaired or replaced at the expense of others, there is no loss payable to you.
3. If the damaged property is not repaired or replaced by you or at the expense of others, there is no loss payable to you.

SECTION VII - SPECIAL LOSS PAYMENTS - COVERAGE 2

The following property is subject to special treatment when damaged by a peril insured against:

1. Accounting Books, Records, Tapes and Recording Media. We will pay you the cost of blank items (books, film, tape or other recording media). Extensions of Coverage - B.30. - Valuable Papers and Records provides for reproduction of these items.
2. Improvements and Betterments.
 - a. If you pay for repair or replacement, we will pay you the expenses involved not exceeding the replacement cost of damaged property.
 - b. If not repaired or replaced, we will pay you a proportion of your original cost. We will determine the proportionate value as follows:
 - 1) Multiply the original cost by the number of days from the "loss" or damage to the expiration of the lease; and
 - 2) Divide the amount determined in 1) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- c. If repaired or replaced at the expense of others, there is no "loss" payable to you.
3. Sold Property. If you have sold property but not delivered it, we will pay you the net selling price.

SECTION VIII - EXTENSIONS OF COVERAGE

A. Extensions of Coverage

We will pay the following "losses" at your option. Payments under these Extensions are not an additional amount of insurance and will not increase the total amount of insurance available for the coverage involved.

- X 1. **Electrical Service Panels.** We will pay for damage to your electrical service panels caused by electricity.
- X 2. **Exterior Signs, Lights, and Clocks.** We will pay up to \$5,000 for "loss" caused by a peril insured against to lights, clocks, and unattached exterior signs which you own, or for which the lease holds you responsible. We will cover all lights, clocks, and unattached exterior signs on the premises described in the "Declarations".

We will not pay for "loss" caused by:

- Wear and tear, gradual deterioration, faulty manufacture or installation, inherent vice, extremes of temperature, dampness of atmosphere or mechanical breakdown,
- Damage to electrical apparatus which is part of covered property caused by electricity other than lightning, except for ensuing fire damage,
- Breakage during installation, repairing or dismantling, or breakage during transportation, unless caused by fire, lightning, collision, derailment or overturn of vehicle.

The deductible for this extension is \$100.

3. **Fences, Walks, and Unattached Outbuildings - Coverage 1.** We will cover "loss" to fences, walks, and unattached outbuildings caused by fire; lightning; explosion; riot or civil commotion; vehicles; aircraft; smoke; falling objects; windstorm; vandalism or malicious mischief; sonic boom; sinkhole collapse; volcanic action, or collapse caused by any of the perils specified in this paragraph.

Unattached outbuildings include garages, storage areas and tool sheds, but do not include those buildings used for dwelling purposes.

We will pay up to \$5,000 for any one "loss".

Our payment will be on an actual cash value basis.

If specific insurance is carried on any item covered by this extension, then this extension does not apply to that item.

4. **Merchandise in Shipment.** Business Personal Property and Personal Property of Others (Coverage 2) includes protection for "loss" by a peril insured against to merchandise which you have sold but for which you have not received payment, while in the custody of a common carrier. This extension of coverage only applies when the "loss" is not recoverable from the purchaser, transporter or any other insurance.
- X 5. **Moving Clause - Coverage 2.** When you move, coverage for "loss" will apply for 60 days while in transit and at each location. The amount of insurance applying at each location will be the proportion that the value in each such location bears to the total value of Business Personal Property and Personal Property of Others (Coverage 2) covered at the original location. After the completion of your move, the coverage will apply at the new location only.
- X 6. **Refrigerated Products.** Business Personal Property and Personal Property of Others (Coverage 2) covers "loss" to the contents of refrigeration equipment on the insured premises from either power or mechanical failure.

7. **Replacement Cost Coverage.** After a covered "loss" to your building, or business personal property or personal property of others, you have the option of choosing a replacement cost settlement instead of an actual cash value settlement, thereby eliminating any deduction for depreciation. When you select replacement cost, the Coinsurance Clause (Condition 3.) shall apply as a percentage of the replacement cost rather than the actual cash value of the property.

When adjustment is on a replacement cost basis, we will pay the smallest of the following:

- The amount of insurance applicable to the damaged or destroyed property;
- The cost of replacement on the same premises with material of like kind and quality and intended for the same use; or
- The amount actually spent in repairing or replacing the property.

We will not pay on a replacement cost basis for any "loss" or damage:

- Until the lost or damaged property is actually repaired or replaced; or
- Unless the repairs or replacement are made as soon as reasonably possible after the "loss" or damage.

We will not pay for "loss" under this Replacement Cost Coverage extension:

- Due to any ordinance or law regulating the construction or repair of buildings;
- Unless and until the damaged or destroyed property is repaired or replaced as soon as practicable;
- To stock (raw, in process or finished) or merchandise including materials and supplies in connection therewith;
- To household furniture or apartment and dwelling contents;
- To paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware, and bric-a-brac, or other articles of art, rarity or antiquity; or
- To obsolete property.

If the cost of repair or replacement is less than \$2,500 for any one "loss" to covered property, we will waive the coinsurance requirement and pay the replacement cost for the "loss" or damaged property.

If you choose an actual cash value settlement, you can still select a replacement cost settlement if the property is repaired or replaced within 6 months of loss. If you choose a replacement cost settlement, the coinsurance requirement applies on a replacement cost basis.

8. **Temperature Change.** Business Personal Property and Personal Property of Others (Coverage 2) covers "loss" resulting from temperature change. There must first be damage from a peril insured against to the insured premises. "Loss" resulting from riot and civil commotion is not covered. X

- X 9. **Trees, Shrubs, Lawns and Plants - Coverages 1 & 2.** We will cover "loss" to trees, shrubs, lawns and plants caused by fire; lightning; explosion; riot or civil commotion; vehicles; aircraft; smoke; falling objects; sonic boom; sinkhole collapse; volcanic action; or collapse caused by any of the perils specified in this paragraph.

If trees, shrubs and plants are inside buildings, we will also cover "loss" caused by windstorm; hail; weight of snow, ice or sleet; vandalism or malicious mischief; or temperature change. There must first be damage from a peril insured against to the insured premises.

We will not be liable for more than \$1,000 for any one tree, shrub or plant, including expenses for removing debris, or \$5,000 for any one "loss", unless trees, shrubs or plants are held for sale inside buildings, or trees, shrubs or plants are used for decorative purpose inside the building, in which case the Business Personal Property and Personal Property of Others (Coverage 2) limit applies. We will not be liable for more than \$2,500 for any one "loss" to lawns.

There is no coverage under this policy for trees, shrubs, lawns and plants grown outside of buildings for sale.

B. Extensions of Coverage

Payments under these Extensions of Coverage are an ADDITIONAL AMOUNT of insurance and will increase the total amount of insurance available for the coverage involved.

- X 1. **Accounts Receivable.** This policy covers damage to records of accounts receivable up to \$25,000 for any one "loss" caused by a peril insured against at the premises described in the "Declarations", while being conveyed outside the premises or while temporarily within other premises for any purpose except storage. It covers:
- a. All sums due the insured from customers, provided the insured is unable to collect such sums as the direct result of "loss" to records of accounts receivable;
 - b. Interest charges on any loan to offset impaired collections, pending repayments of such sums made uncollectible by such "loss";
 - c. Collection expense in excess of normal collection cost which is made necessary because of such "loss";
 - d. Other expenses, when reasonably incurred by the insured in re-establishing records of accounts receivable following such "loss".

Coverage will also apply while the records of accounts receivable are being moved to and while at a place of safety because of imminent danger of "loss", and while being returned from such place.

The deductible does not apply to this extension.

- X 2. **Arson Reward.** We will pay up to \$7,500 as a reward to any individual or group for information which results in the arrest and conviction of any person committing an act of arson resulting in damage to covered property.

3. **Building Ordinance or Law Coverage.** The building ordinance or law: X

- a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- b. Is in force at the time of "loss".

But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

Building ordinance or law coverage applies only if:

- a. The building sustains direct physical damage caused by a peril insured against under this policy and such damage results in enforcement of the ordinance or law; or
- b. The building sustains direct physical damage caused by a peril insured against under this policy and direct physical damage that is not caused by a peril insured against under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

But if the building sustains direct physical damage that is not caused by a peril insured against under this policy and such damage is the subject of the ordinance or law, then there is no coverage even if the building has also sustained direct physical damage caused by a peril insured against.

- For the Value of the Undamaged Part of the Building

We will pay for the value of the undamaged part of the building caused by enforcement of any ordinance or law regulating the construction or repair of buildings if the building sustains direct damage caused by a peril insured against that:

- a. Requires the demolition of parts of the undamaged building;
- b. Regulates the construction or repair of the building, or establishes zoning or land use requirements at the premises described in the "Declarations"; and
- c. Is in force at the time of "loss" or damage.

This is not an additional amount of insurance. Payment is included within the amount of insurance for the insured building.

- Increased Cost of Construction

We will pay up to \$10,000 for the increased cost to repair, replace or construct the building caused by enforcement of any ordinance or law regulating the construction, use or repair of buildings if the building sustains direct physical damage caused by a peril insured against. If the building is repaired or rebuilt, it must be intended for the same use as the current building, unless otherwise required by an ordinance or law.

- Loss Payment - For the Value of the Undamaged Part of the Building

We will not pay more for the value of the undamaged portion of the building as a result of any ordinance or law regulating the construction, use or repair of buildings than the smallest of the following: